

D R A F T

SUMMARY

Excludes disability income insurance from definition of health insurance in Insurance Code.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to disability income insurance; amending ORS 731.162, 741.300, 743.013, 743.685 and 743A.164; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 731.162 is amended to read:

731.162. “Health insurance” means insurance of humans against bodily injury, disablement or death by accident or accidental means, or the expense thereof, or against disablement or expense resulting from sickness or childbirth, or against expense incurred in prevention of sickness, in dental care or optometrical service, and every insurance appertaining thereto, including insurance against the risk of economic loss assumed under a less than fully insured employee health benefit plan. “Health insurance” does not include workers’ compensation [*coverages*] **benefits or disability income insurance.**

SECTION 2. ORS 741.300 is amended to read:

741.300. As used in ORS 741.001 to 741.540:

(1) “Essential health benefits” has the meaning given that term in ORS 731.097.

(2) “Health care service contractor” has the meaning given that term in ORS 750.005.

1 (3) "Health insurance" has the meaning given that term in ORS 731.162[,
2 *excluding disability income insurance*].

3 (4) "Health insurance exchange" or "exchange" means an American
4 Health Benefit Exchange as described in 42 U.S.C. 18031, 18032, 18033 and
5 18041 that is operated by the Oregon Health Insurance Exchange Corpo-
6 ration.

7 (5) "Health plan" means health insurance or health care coverage offered
8 by an insurer.

9 (6) "Insurer" means an insurer as defined in ORS 731.106 that offers
10 health insurance, a health care service contractor or a prepaid managed care
11 health services organization.

12 (7) "Insurance producer" has the meaning given that term in ORS 731.104.

13 (8) "Prepaid managed care health services organization" has the meaning
14 given that term in ORS 414.736.

15 (9) "State program" means a program providing medical assistance, as
16 defined in ORS 414.025, and any health plan offered through the Public
17 Employees' Benefit Board or the Oregon Educators Benefit Board.

18 **SECTION 3.** ORS 743.013 is amended to read:

19 743.013. (1) The Director of the Department of Consumer and Business
20 Services shall adopt by rule requirements for disclosure by group and indi-
21 vidual health insurers to individual and group health insurance policyholders
22 the difference between coverage under the existing policy and coverage being
23 offered to replace that coverage.

24 [(2) *The provisions of this section do not apply to disability income insur-*
25 *ance.*]

26 [(3)] (2) The director shall adopt by rule requirements for nonduplication
27 and replacement of major medical, Medicare supplement, long term care and
28 special illness policies for applicants 65 years of age and older. The insur-
29 ance producer shall offer to compare for any applicants 65 years of age and
30 older the applicant's existing policy or policies and coverage being offered
31 to replace or supplement the applicant's existing coverage.

1 **SECTION 4.** ORS 743.685 is amended to read:

2 743.685. (1) In order to provide for full and fair disclosure in the sale of
3 Medicare supplement policies, no Medicare supplement policy or certificate
4 shall be delivered in this state unless an outline of coverage is delivered to
5 the applicant at the time application is made.

6 (2) The Director of the Department of Consumer and Business Services
7 shall prescribe the format and content of the outline of coverage required
8 by subsection (1) of this section. The director shall consult with the
9 Governor's Commission on Senior Services concerning the content and for-
10 mat of the outline of coverage, especially in reference to the ease with which
11 senior citizens may understand the form and compare the coverage provided
12 under the policy to which the outline of coverage refers. For purposes of this
13 section, "format" means style, arrangements and overall appearance, includ-
14 ing such items as the size, color and prominence of type and arrangement
15 of text and captions. The outline of coverage required by subsection (1) of
16 this section shall include at least the following:

17 (a) A description of the principal benefits and coverage provided in the
18 policy;

19 (b) A statement of the renewal provisions, including any reservation by
20 the insurer of a right to change premiums and disclosure of the existence
21 of any automatic renewal premium increases based on the policyholder's age;
22 and

23 (c) A statement that the outline of coverage is a summary of the policy
24 issued or applied for and that the policy should be consulted to determine
25 governing contractual provisions.

26 (3) Insurers shall fill out the standardized form and have the completed
27 information included on the form approved by the director before selling
28 supplemental Medicare coverage in this state.

29 (4) In the purchase or renewal of a Medicare supplement policy, a copy
30 of the outline of coverage must be used in explaining policy coverage to a
31 purchaser and shall be provided to the applicant at the time the sales pres-

1 entation is made. The completed outline of coverage shall be considered part
2 of the sales presentation materials for the purposes of ORS 742.009.

3 (5) The insurer shall obtain acknowledgment of receipt or certify delivery
4 of the outline of coverage at the time of sale.

5 (6) The director may adopt by rule a standard form and the contents of
6 an informational brochure for persons eligible for Medicare, which is in-
7 tended to improve the buyer's ability to select the most appropriate coverage
8 and improve the buyer's understanding of Medicare. Except in the case of
9 direct response insurance policies, the director may require by rule that the
10 information brochure be provided to any prospective insureds eligible for
11 Medicare concurrently with delivery of the outline of coverage. With respect
12 to direct response insurance policies, the director may require by rule that
13 the prescribed brochure be provided upon request to any prospective insureds
14 eligible for Medicare, but in no event later than the time of policy delivery.

15 (7) The director may adopt by rule captions or notice requirements, de-
16 termined to be in the public interest and designed to inform prospective in-
17 sureds that particular insurance coverages are not Medicare supplement
18 coverages, for all health insurance policies sold to persons eligible for Med-
19 icare, other than[:]

20 [(a)] Medicare supplement policies[; or]

21 [(b) *Disability income policies*].

22 (8) The director may adopt rules governing the full and fair disclosure
23 of the information in connection with the replacement of health insurance
24 policies, subscriber contracts or certificates by persons eligible for Medicare.

25 **SECTION 5.** ORS 743A.164 is amended to read:

26 743A.164. A health insurance policy [*other than a disability income*
27 *policy*] shall provide coverage or reimbursement of expenses for the medical
28 treatment of injuries or illnesses caused in whole or in part by the insured's
29 use of alcohol or a controlled substance to the same extent as and subject
30 to limitations no more restrictive than those imposed on coverage or re-
31 imbursement of expenses arising from treatment of injuries or illnesses not

1 caused by an insured's use of alcohol or a controlled substance.

2 **SECTION 6. This 2015 Act being necessary for the immediate pres-**
3 **ervation of the public peace, health and safety, an emergency is de-**
4 **clared to exist, and this 2015 Act takes effect on its passage.**

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